A - S China Plumbing Products Limited

(Incorporated in the Cayman Islands with limited liability)

Interim Report

For the six months ended 30 June 2006

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (THE "GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "EXCHANGE")

The GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on the GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on the GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of the GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on the GEM, there is a risk that securities traded on the GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on the GEM.

The principal means of information dissemination on the GEM is publication on the internet website operated by the Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on the GEM-listed issuers.

The Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss however arising from or in reliance upon the whole or any part of the contents of this report.

The report, for which the directors of A-S China Plumbing Products Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this report is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this report misleading; and (iii) all opinions expressed in this document have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Operations Review

- Total turnover of the Group for the three months ended 30 June 2006 amounted to approximately US$22.03 million (2005: US$21.02 million) and turnover for the six months ended 30 June 2006 amounted to US$38.86 million (2005: US$38.05 million).

- Total turnover for the three months ended 30 June 2006 grew 4.8%. At which, domestic sales is marginal and export sales grew by 12.2% compared to the same period last year.

- Total turnover for the six months ended 30 June 2006 grew 2.1%. At which, domestic sales is slightly down with export sales grew 5.7% compared to the same period last year.

- Increase in overseas' sales is mainly due to the continuing global economy recovery and product portfolio improvement.

- Lately, the material costs such as copper price has significantly increased. In order to maintain a reasonable gross profit margin, the Group has raised its products' selling prices. As a result, the Group managed to maintain gross profit margin at 32.8% for the six months ended 30 June 2006. Hence, the gross profit margin has recovered from 30.3% during the first quarter to 34.65% for the second quarter.

- The Group recorded a net loss after minority interests of approximately US$2.1 million during the six months ended 30 June 2006 compared to a net profit after minority interests of approximately US$0.5 million in the same period last year. The net loss during the period is mainly due to a provision of restructuring costs of approximately US$3.4 million for the liquidation of a subsidiary. By excluding the restructuring costs, the Group recorded a net profit after minority interests of approximately US$1.3 million for the first six months.

- The Group continues to maintain a healthy financial position. As of 30 June 2006, the net current assets of the Group amounted to US$52.9 million, which comprise cash and bank deposits of approximately US$46.6 million. The Group has no bank loan as of the period end date and the reporting date. The Groups has contingent liabilities of US$0.17 million.

- In June 2006, the Group entered into a framework agreement with a joint venture partner in which the Group and the joint venture partner agreed to liquidate a subsidiary in Beijing, the PRC. According to the framework agreement, the Group released all employees of the subsidiary and reassessed the carrying value of the assets and liabilities of the subsidiary. Based on the revaluation and terms of the framework agreement, the Group charged all restructuring costs to the consolidated profit and loss account during the period ended 30 June 2006. The restructuring costs included assets impairment write-off, termination severance and other restructuring related expenses.

MANAGEMENT DISCUSSION AND ANALYSIS *(CONTINUED)*

Business Operations Review *(Continued)*

– Further to the macroeconomic measures launched in 2004 and 2005, in the first half of the year, we saw much stronger measures including further increase on mortgage borrowing rate, increase down payment percentage. These measures caused continued slow down on domestic demand and resulted in some developers delaying projects.

Prospect

– The Group anticipates continued inflationary pressure on raw material prices, in particular copper prices.

– Management is confident that the export sales will continue to be strong in the second half of the year given the continuing improvement of product portfolios.

FOREIGN CURRENCY EXPOSURE

The Group's reporting currency is in US$. Most of the transactions, assets and liabilities of the Group are denominated in US$ and Renminbi ("RMB"). Since the exchange rate fluctuation between US$ and RMB is minimal, the directors consider that the Group is not significantly exposed to any exchange risk and accordingly, the Group did not utilise any financial instruments in the foreign currency market to hedge against the risk of fluctuation of the RMB in relation to other foreign currencies. The directors believe that, having regard to the working capital position of the Group, the Group is able to meet its future exchange liabilities, if any, as they become due.

QUARTERLY RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2006

The board of directors is pleased to announce the unaudited consolidated results of the Group for the six months ended 30 June 2006 together with the comparative unaudited consolidated results for the corresponding period in 2005 (the "Relevant Periods") as follows:

Condensed Consolidated Profit And Loss Account

		Unaudited three months ended 30 June		Unaudited six months ended 30 June	
			(Restated)		(Restated)
		2006	2005	**2006**	2005
	Notes	***US$'000***	*US$'000*	***US$'000***	*US$'000*
TURNOVER	3	**22,026**	21,015	**38,856**	38,054
Cost of sales		**(14,393)**	(12,529)	**(26,121)**	(23,700)
Gross profit		**7,633**	8,486	**12,735**	14,354
Other revenues/ (expenses), net		**32**	(639)	**308**	(576)
Distribution costs		**(712)**	(720)	**(1,253)**	(1,296)
Administrative and other operating expenses		**(4,699)**	(4,843)	**(8,280)**	(8,490)
Restructuring costs		**(3,431)**	(2,247)	**(3,431)**	(2,247)
PROFIT/(LOSS) BEFORE TAX	4	**(1,177)**	37	**79**	1,745
Tax	5	**(818)**	(986)	**(1,253)**	(1,520)
PROFIT/(LOSS) FOR THE PERIOD		**(1,995)**	(949)	**(1,174)**	225
Attributable to:					
Equity holders of the parent		**(2,550)**	(292)	**(2,136)**	520
Minority interests		**555**	(657)	**962**	(295)
		(1,995)	(949)	**(1,174)**	225
EARNING/(LOSS) PER SHARE ATTRIBUTE TO ORDINARY EQUITY HOLDERS OF THE PARENT (US cents)					
– Basic, for profit/(loss) for the period	6	**(1.69)**	(0.19)	**(1.41)**	0.34

Condensed Consolidated Balance Sheet

	Notes	Unaudited 30 June 2006 US$'000	Audited 31 December 2005 US$'000
Non-current assets			
Property, plant and equipment	7	**47,650**	53,162
Goodwill	8	**2,105**	2,105
Intangible assets	9	**6,998**	6,998
Prepaid land lease payments	10	**7,858**	8,210
Total non-current assets		**64,611**	70,475
Current assets			
Due from group companies	11	**8,203**	6,251
Prepayments, deposits and other receivables		**4,394**	4,459
Inventories	12	**9,893**	9,125
Trade receivables	13	**9,234**	10,003
Cash and cash equivalents	14	**46,601**	45,854
Total current assets		**78,325**	75,692
Current liabilities			
Due to group companies	15	**5,337**	5,926
Dividend payable		**132**	132
Trade payables	16	**6,510**	6,847
Corporate income tax payable		**677**	542
Other payables, deposits and accrued liabilities		**12,772**	12,127
Total current liabilities		**25,428**	25,574
Net current assets		**52,897**	50,118
Total assets less current liabilities/ Net Assets		**117,508**	120,593
Equity			
Equity attributable to equity holders of the parent		**1,510**	1,510
Issued share capital		**102,407**	103,846
Reserves		**103,917**	105,356
Minority interests		**13,591**	15,237
Total Equity		**117,508**	120,593

Consolidated Statement of Changes in Equity (Unaudited)

	Attributable to equity holders of the parent								
	Issued share capital	Share premium account	Reserve fund	Expansion reserve	Exchange fluctuation reserve	Retained profits	Total	Minority interests	Total equity (Restated)
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2006	1,510	85,305	3,957	1,306	(1,328)	14,606	105,356	15,237	120,593
Exchange realignment	–	–	–	–	697	–	697	120	817
Net gain not recognised in the profit and loss account	–	–	–	–	697	–	697	120	817
Net profit/loss for the period	–	–	–	–	–	(2,136)	(2,136)	962	(1,174)
Dividend declared or paid to minority interest shareholders	–	–	–	–	–	–	–	(1,297)	(1,297)
Liquidation of a subsidiary	–	–	–	–	–	–	–	(1,431)	(1,431)
At 30 June 2006	1,510	85,305	3,957	1,306	(631)	12,470	103,917	13,591	117,508
At 1 January 2005	1,510	85,305	3,553	1,306	(3,121)	9,059	97,612	15,429	113,041
Exchange realignment	–	–	–	–	(11)	–	(11)	–	(11)
Net loss not recognised in the profit and loss account	–	–	–	–	(11)	–	(11)	–	(11)
Net profit for the period	–	–	–	–	–	520	520	(295)	225
At 30 June 2005	1,510	85,305	3,553	1,306	(3,132)	9,579	98,121	15,134	113,255

Condensed Consolidated Cash Flow Statement

	Unaudited six months ended 30 June	
	2006	2005
	US$'000	*US$'000*
Net cash inflow from operating activities	**2,352**	4,803
Net cash inflow/(used) in investing activities	**(242)**	36
Net cash used in financing activities	**(1,297)**	(242)
Increase in cash and cash equivalents	**813**	4,597
Cash and cash equivalents at 1 January	**45,854**	36,442
Effect of foreign exchange rate changes	**(66)**	(11)
Cash and cash equivalents at 30 June	**46,601**	41,028
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	**46,434**	40,786
Pledged deposits	**167**	242
	46,601	41,028

Notes:

1. BASIS OF PRESENTATION

The condensed unaudited consolidated results of the Group have been prepared in accordance with Hong Kong Accounting Standard ("HKSA") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and with the applicable disclosure requirements of Chapter 18 to the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

The Condensed interim financial statements are unaudited, but have been reviewed by the Audit Committee.

The principal accounting policies used in the unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the Group's financial statements for the year ended 31 December 2005.

2. PRINCIPAL ACTIVITIES

The Group manufactures and distributes in the People's Republic of China (the "PRC") a broad range of bathroom and kitchen fixtures and plumbing fittings under the plumbing product brand names of American Standard Inc. ("ASI"), including the "American Standard" and "Armitage Shanks" brands. The Group has established a manufacturing base for the production of bathroom and kitchen fixtures and plumbing fittings in Beijing, Shanghai, Tianjin and Guangdong provinces using manufacturing equipment and manufacturing technologies developed by American Standard Companies Inc. to ensure the quality of its products.

3. TURNOVER

Turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts and business/sales tax where applicable. All significant intra-group transactions have been eliminated on consolidation.

	Three months ended 30 June		**Six months ended 30 June**	
	2006	**2005**	**2006**	**2005**
	US$'000	*US$'000*	***US$'000***	*US$'000*
Segment revenue				
Mainland China	**12,484**	12,511	**20,370**	20,568
North America	**2,139**	2,359	**3,663**	5,004
United Kingdom	**2,194**	2,306	**4,814**	4,866
Other European countries	**2,306**	1,620	**5,050**	2,677
Others	**2,903**	2,219	**4,959**	4,939
Total	**22,026**	21,015	**38,856**	38,054

4. PROFIT/(LOSS) FROM OPERATING ACTIVITIES

The Group's profit/(loss) from operating activities is arrived at after charging/(crediting):

	Three months ended 30 June		Six months ended 30 June	
		(Restated)		(Restated)
	2006	2005	**2006**	2005
	US$'000	*US$'000*	***US$'000***	*US$'000*
Cost of inventories sold	**13,308**	12,417	**23,817**	23,560
Recognition of prepaid land lease payment	**56**	59	**111**	117
Auditors' remuneration	**37**	67	**74**	134
Depreciation	**1,070**	1,128	**2,139**	2,256
Impairment write off	**3,934**	2,895	**3,934**	2,895
Termination severance	**568**	240	**568**	240
Staff costs (including directors' remuneration):				
Wages and salaries	**3,083**	2,824	**5,995**	5,946
Pension scheme contributions	**202**	155	**404**	309
	3,285	2,979	**6,399**	6,255
(Gains)/Losses on disposal of fixed assets	**60**	(519)	**106**	(521)
Operating lease rentals in respect of land and buildings	**198**	212	**396**	424
Provision for doubtful debts	**80**	1	**65**	25
Provision for slow-moving inventories	**22**	247	**131**	331
Research and development costs	**292**	204	**393**	303
And after crediting:				
Interest income	**(100)**	(51)	**(229)**	(188)
Foreign exchange (gains)/losses, net	**(8)**	35	**45**	59

5. TAX

	Three months ended 30 June		Six months ended 30 June	
	2006	2005	**2006**	2005
	US$'000	*US$'000*	***US$'000***	*US$'000*
Current period provision in respect of:				
The PRC	**818**	986	**1,253**	1,520

Currently, no taxes are imposed by the Cayman Islands on income or capital profits of the Company.

Hong Kong profits tax has not been provided during the Relevant Periods as the Group had no assessable profits attributable to its operations in Hong Kong during the Relevant Periods.

The Mainland China subsidiaries were granted or have a right to apply for exemption from corporate income taxes ("CIT") for the two years starting from the first year in which they earn assessable profits, and are entitled to a 50% exemption from CIT for the following three years (the "50% exemption").

A Mainland China subsidiary, A-S (Jiangmen) Fittings Co., Ltd ("A-S Jiangmen Fittings"), is subject to a CIT rate of 24% as it is located in a coastal economic development region.

A Mainland China subsidiary, A-S (Shanghai) Pottery Co., Ltd., is subject to a CIT rate of 24% as it is located in a Shanghai region and is entitled to a 50% exemption from CIT as it is in its fifth profitable year.

A Mainland China subsidiary, A-S (Tianjin) Pottery Co., Ltd., is subject to a CIT rate of 15% as it is located in the Tianjin economic and development zone.

Another Mainland China subsidiary, Hua Mei Sanitary Ware Co., Ltd ("Hua Mei") is subject to a CIT rate of 24% and is entitled to a preferential tax rate of 15% for the period ended 31 March 2006. As at 31 March 2006, Hua Mei has not obtained the written approval of the preferential CIT rate from the local tax bureau for the current year.

No provision for deferred tax has been provided as the taxable and deductible temporary differences are immaterial for the current and prior periods.

6. EARNING/(LOSS) PER SHARE TO EQUITY HOLDERS OF THE PARENT

The calculation of basic earning/(loss) per share amount is based on the net loss for the period attributable to equity holders of the parent of US$2,136,000 (2005: net profit US$520,000), and weighted average number of issued ordinary shares of 151,034,000 (2005: 151,034,000) during the period.

A diluted earnings per share amount for the period ended 30 June 2006 and 2005 has not been disclosed as no diluting events existed during the current or prior period.

7. FIXED ASSETS

	Buildings	Plant and machinery	Furniture, equipment and motor vehicles	Construction in progress	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
30 June 2006					
At 31 December 2005 and 1 January 2006:					
Costs	27,888	56,007	12,398	671	96,964
Accumulated depreciation	(7,367)	(24,385)	(11,474)	–	(43,226)
Impairment	–	(576)	–	–	(576)
Net carrying amount	20,521	31,046	924	671	53,162
At 31 December 2005, and 1 January 2006, net of accumulated depreciation	20,521	31,046	924	671	53,162
Additions	16	113	283	156	568
Disposals	–	(8)	(1)	–	(9)
Liquidation of a Subsidiary	(2,204)	(2,690)	(7)	(27)	(4,928)
Reverse impairment	–	576	–	–	576
Depreciation charges for the year	(266)	(1,228)	(645)	–	(2,139)
Exchange realignment	176	244	–	–	420
At 30 June 2006, net of accumulated depreciation	18,243	28,053	554	800	47,650
At 31 December 2005:					
Costs	25,170	50,975	10,494	800	87,439
Accumulated depreciation	(6,927)	(22,922)	(9,940)	–	(39,789)
Net carrying amount	18,243	28,053	554	800	47,650

7. FIXED ASSETS *(CONTINUED)*

	Buildings	Plant and machinery	Furniture, equipment and motor vehicles	Construction in progress	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
31 December 2005					
At 31 December 2004 and 1 January 2005:					
Costs	29,467	60,989	11,999	218	102,673
Accumulated depreciation	(7,195)	(25,697)	(10,602)	–	(43,494)
Net carrying amount	22,272	35,292	1,397	218	59,179
At 31 December 2004, and 1 January 2005, net of accumulated depreciation	22,272	35,292	1,397	218	59,179
Additions	–	625	1,146	702	2,473
Transfer	–	–	249	(249)	–
Disposals	(476)	(149)	(35)	–	(660)
Disposals of a Subsidiary	(1,050)	(2,881)	(60)	–	(3,991)
Depreciation charges for the year	(753)	(2,085)	(1,794)	–	(4,632)
Impairment	–	(576)	–	–	(576)
Exchange realignment	528	820	21	–	1,369
At 31 December 2005, net of accumulated depreciation	20,521	31,046	924	671	53,162
At 31 December 2005:					
Costs	27,888	56,007	12,398	671	96,964
Accumulated depreciation	(7,367)	(24,385)	(11,474)	–	(43,226)
Impairment	–	(576)	–	–	(576)
Net carrying amount	20,521	31,046	924	671	53,162

The Group's buildings are all situated in the PRC.

Construction in progress represents costs incurred for the development and construction of factory buildings, plant and machinery and other fixed assets in the PRC, and is stated at cost.

8. GOODWILL

	US$'000
30 June 2006	
Cost and carrying amount at 30 June 2006	2,105
31 December 2005	
At 1 January 2005	
Cost as previously reported	3,361
Effect of adopting HKFRS 3	(1,256)
Cost as restated	2,105
Accumulated amortization as previously reported	1,256
Effect of adopting HKFRS 3	(1,256)
Accumulated amortization as restated	–
Net carrying amount	2,105
Cost and carrying amount at 31 December 2005	2,105
At 31 December 2005	
Cost	3,361
Accumulated amortization	(1,256)
Net carrying amount	2,105

9. INTANGIBLE ASSETS

	Intellectual property rights *US$'000*	Trademark licence fees *US$'000*	Total *US$'000*
30 June 2006			
At 1 January 2006 and 30 June 2006			
Cost	10,000	1,650	11,650
Accumulated amortization	(3,002)	(1,650)	(4,652)
Net carrying amount	6,998	–	6,998
At 31 December 2005			
At 1 January 2005 and 31 December 2005			
Cost	10,000	1,650	11,650
Accumulated amortization	(3,002)	(1,650)	(4,652)
Net carrying amount	6,998	–	6,998

10. PREPAID LAND LEASE PAYMENTS

	30 June 2006 ***US$'000***	31 December 2005 *US$'000*
Carrying amount at 1 January		
As previously reported	**8,432**	–
Effect of adopting HKAS 17	**–**	8,961
As restated	**8,432**	8,961
Recognized during the period	**(111)**	(227)
Reduced by liquidation of a subsidiary	**(316)**	(508)
Exchange realignment	**75**	206
Carrying amount	**8,080**	8,432
Current portion included in prepayments, deposits and other receivables	**222**	222
Non-current portion	**7,858**	8,210

The leasehold lands are held under long term leases, and are situated in PRC.

11. DUE FROM GROUP COMPANIES

All amounts arose from trading transactions.

The balances due from group companies represented amounts due from subsidiaries of American Standard Companies Inc. and its subsidiaries excluding the Group ("American Standard Group") and are unsecured, interest-free and repayable in accordance with trade terms.

12. INVENTORIES

	30 June 2006 *US$'000*	31 December 2005 *US$'000*
Raw materials	**3,860**	4,013
Work in progress	**1,827**	1,178
Finished goods	**4,206**	3,934
	9,893	9,125

None of the inventories is carried at net realizable value in both balance sheet dates.

13. TRADE RECEIVABLES

The Group generally grants a credit term of 45 days to its customers. An aged analysis of the net trade receivables at the balance sheet dates, based in invoice date, is as follows:

	30 June 2006 *US$'000*	31 December 2005 *US$'000*
Within 30 days	**5,849**	5,985
Within 31 to 90 days	**1,338**	2,967
Within 91 to 180 days	**1,545**	870
Over 180 days	**502**	181
	9,234	10,003

14. CASH AND CASH EQUIVALENTS AND PLEDGED TIME DEPOSITS

	30 June 2006 *US$'000*	31 December 2005 *US$'000*
Cash and bank balances	**36,198**	39,790
Time deposits	**10,403**	6,064
	46,601	45,854

At the balance sheet date, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to US$28,023,000 (2005: US$29,908,000). The RMB is not freely convertible into other currencies. However, under PRC Foreign Exchange Control Regulations and Administration of Settlement and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct exchange business.

As at 30 June 2006, the Group's cash and bank deposits included an amount of US$167,000 (2005: US$121,000) which was pledged as security for a banker's guarantee issued by a bank on behalf of a subsidiary.

15. DUE TO GROUP COMPANIES

The balances due to group companies represented amounts due to subsidiaries of American Standard Group and are unsecured, interest-free and repayable in accordance with the trade terms.

16. TRADE PAYABLES

An aged analysis of the trade payables at the balance sheet dates based on invoice date, is as follows:

	30 June 2006 *US$'000*	31 December 2005 *US$'000*
Within 30 days	**5,722**	5,830
Within 31-90 days	**94**	502
Within 91-180 days	**233**	51
Over 180 days	**461**	464
	6,510	6,847

17. RESERVES

The amounts of the Group's reserves and the movements therein for the six months ended 30 June 2006 with the last corresponding period are presented in the consolidated statement of changes in equity.

18. COMMITMENTS

(i) The Group had no capital commitments at the balance sheet dates.

(ii) On entering into the joint venture agreements of the Company's PRC subsidiaries, ASI undertook to provide the technical knowhow and to allow trademarks under license from ASI and its affiliates used for the plumbing products manufactured and sold by the Company's PRC subsidiaries in return for the following fees:

A-S (Beijing) Enamel Steel Sanitaryware Co., Ltd.:	
Technical assistance fee	2% of net sales Lump sum start up fee of US$100,000
Trademark licence fee	3% of net sales of the plumbing products in the PRC under licence from ASI and its affiliates ("AS Products")
A-S (Guangzhou) Enamelware Company Limited:	
Technical assistance fee	2.5% of net sales
Trademark licence fee	2.5% of net sales of AS products
A-S (Shanghai) Pottery Co., Ltd.:	
Technical assistance fee	2.5% of net sales for years 1 to 5 and 2.0% of net sales for years 6 to 10
Trademark licence fee	3.0% of net sales of AS products
A-S (Tianjin) Pottery Co., Ltd.:	
Technical assistance fee	2% of net sales
Trademark licence fee	3% of net sales
Management assistance fee	2% of net sales
Hua Mei:	
Technical assistance fee	1.5% of net sales
Trademark licence fee	1.8% of net sales
Management assistance fee	0.5% of net sales
A-S Jiangmen Fittings:	
Technical assistance fee	2% of net sales of AS products owned by ASI for year 1 to 2 and 2% of net sales for subsequent years
Trademark licence fee	3% of net sales of AS products

18. COMMITMENTS *(CONTINUED)*

(iii) Operating lease commitments

At the respective balance sheet dates, the Group had the following total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2006	31 December 2005
	US$'000	*US$'000*
Within one year	**896**	657
In the second to fifth years, inclusive	**273**	373
Total	**1,169**	1,030

19. RELATED PARTY TRANSACTIONS

(1) The Group had the following material transactions with American Standard Group, during the Relevant Periods:

		Three months ended 30 June		**Six months ended 30 June**	
		2006	2005	**2006**	2005
	Notes	***US$'000***	*US$'000*	***US$'000***	*US$'000*
Sales of finished goods	(a)	**10,041**	7,239	**18,747**	14,820
Purchases of raw materials	(a)	**(672)**	(764)	**(1,040)**	(1,232)
Management fee expenses	(b)	**(100)**	(75)	**(200)**	(150)
Trademark licence, technical assistance and management assistance fees	(c)	**(494)**	(482)	**(811)**	(845)

Notes:

(a) The sales and purchases transactions were conducted on normal commercial terms determined between the Group and American Standard Group.

(b) The management fee was charged in accordance with the terms of the relevant agreement with ASI.

(c) The trademark licence, technical assistance and management assistance fees were related to the sales of AS Products by the Group's subsidiaries in the PRC, which were charged on the bases as stated in the respective joint venture agreements, net of amounts credited to the Group pursuant to the Intellectual Property Agreement made as at 1 January 1996 (the "Intellectual Property Agreement") with ASI.

19. RELATED PARTY TRANSACTIONS *(CONTINUED)*

During the Relevant Periods, in addition to the above continuing transactions, American Standard Group paid expenses on behalf of the Group. Reimbursements of such payments on behalf were based on the actual amounts incurred. The Group reimbursed American Standard Group an aggregate amount of US$204,000 US$268,000, US$338,000 and US$568,000 for the three months ended 30 June 2006 and 2005 and six months ended 30 June 2006 and 2005, respectively.

(2) Pursuant to the Intellectual Property Agreement, ASI agreed to grant the Company and its PRC subsidiaries, upon the fulfillment of certain conditions contained in the Shareholders' Agreement dated 20 April 1994, as amended on 24 December 1996, the exclusive territorial rights to use its present and future trademarks, and to have access to its present and future technology knowhow to manufacture, market, distribute and sell plumbing products of the Group in the PRC (the "intellectual property rights") for a consideration of US$10,000,000. In 1997, ASI purchased an aggregate of 3,000 "B" shares from certain "B" shareholders and increased its shareholding in the Company from 28.9% to 54.8%, and thereby fulfilled the conditions required for the granting of the intellectual property rights. Accordingly, the intellectual property rights were granted by ASI to the Company on 21 October 1997.

INTERIM DIVIDEND

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2006 (2005: Nil).

The Company will use cash fund operations and pursue opportunities to fuel future profitability. Any excess funds will be considered for distribution as dividend. The Company is currently considering opportunities which may fully use its cash balances.

DISCLOSURE OF INTERESTS

As at 30 June 2006, the interests of the Directors and the chief executive in the securities of the Company and its associated corporations as required to be recorded in the register maintained by the Company under Section 29 of the Securities (Disclosure of Interests) Ordinance were as follows:

(a) Directors' and chief executive's interests in the Company and in associated corporations

So far as was known to any director of the Company, as at 30 June 2006, the interests and short positions of the directors and chief executive in the shares, underlying share or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Exchange pursuant to the minimum standards of dealing by the directors of a listed issuer as referred to in rule 5.46, were as follows:

Interests in associated corporations

Name of Director/ chief executive	Name of company	Number and description of equity derivatives	Capacity	Type of interest	Approximate percentage of holding
Mr. Richard M. Ward	American Standard	Share options to subscribe for 51,002 shares in American Standard	Beneficial owner	Personal	0.0296%
Mr. Ye Zhi Mao, Jason	American Standard	Share options to subscribe for 1,500 shares in American Standard	Beneficial owner	Personal	0.0006%
Ms. Yang Yu Qing, Cindy	American Standard	Share options to subscribe for 750 shares in American Standard	Beneficial owner	Personal	0.0003%

DISCLOSURE OF INTERESTS *(CONTINUED)*

(a) Directors' and chief executive's interests in the Company and in associated corporations *(Continued)*

Movement in Directors' interests in options of ASCI during the year

Name of director	Date of grant	Exercise price US$	Balance as at 1.1.2006	Granted during the period	Exercised during the period	Balance as at 31.3.2006
Mr. Richard M. Ward	28.4.2003	23.58	10,002	–	–	10,002
	4.2.2004	35.03	21,000	–	–	21,000
	2.2.2005	43.34	10,000	–	–	10,000
	1.2.2006	36.87	–	10,000	–	10,000
			41,002			51,002
Mr. Ye Zhi Mao, Jason	2.2.2005	43.34	500	–	–	500
	1.2.2006	36.87	–	1,000	–	1,000
			500			1,500
Ms. Yang Yu Qing, Cindy	1.3.2001	18.86	750	–	–	750

The above listed directors were granted to subscribe for shares in American Standard Companies Inc., being an associated corporation of the Company (within the meaning of Part XV of the SFO). The options were granted free of consideration. The exercise period is for 10 years from each relevant date of grant. Options to subscribe for 1/3 of the shares under each relevant grant may be exercised on or after the first anniversary of the relevant date of grant; options to subscribe for another 1/3 of the shares may be exercised on or after the second anniversary of the relevant date of grant; and options to subscribe for the remaining shares may be exercised on or after the third anniversary of the relevant date of grant.

Save as disclosed above, none of the directors and chief executive had registered an interest or short position in the share capital and underlying shares of the Company and its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as refer to Rule 5.46 of the GEM Listing Rules.

DISCLOSURE OF INTERESTS *(CONTINUED)*

(b) Interests of substantial shareholders in the Company

So far as was known to any director of the Company, as at 30 June 2006, the persons or companies (not being a director or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO and, or who were directly or indirectly deemed to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group were as follows:

Name of shareholders	Number of shares held	Capacity Company's issued Capital	Type of interest	Approximate percentage of holding
American Standard *(Note 1)*	93,253,000	Beneficial owner	Corporate	61.74%
American Standard International Inc. *(Note 1)*	93,188,000	Beneficial owner	Corporate	61.70%
American Standard Bermuda Limited *(Note 1)*	93,188,000	Beneficial owner	Corporate	61.70%
American Standard Foreign Trading Limited *(Note 1)*	93,188,000	Beneficial owner	Corporate	61.70%
Foundation Brunneria *(Note 2)*	16,900,000	Beneficial owner	Corporate	11.19%
General Oriental Investments Limited *(Note 2)*	16,900,000	Beneficial owner	Corporate	11.19%

Note 1: American Standard Companies Inc. owns a 61.74% shareholding interest in the Company through (i) a wholly-owned subsidiary, American Standard International Inc., being a corporation established under the laws of the State of Delaware, USA, which in turn owns a 100% interest in American Standard Bermuda Limited, being a company incorporated in Bermuda with limited liability, which in turn indirectly owns a 100% interest in American Standard Foreign Trading Limited, also being a company incorporated in Bermuda with limited liability, which directly holds a 61.70% shareholding interest in the Company and (ii) another wholly-owned subsidiary of American Standard Companies Inc., American Standard Inc., being a corporation established under the laws of the State of Delaware, USA, directly holds 0.04% shareholding interest in the Company.

Note 2: General Oriental Investments Limited is 100% indirectly owned by Foundation Brunneria, a private discretionary trust whose ultimate beneficiaries are independent from the other Shareholders, directors and chief executive of the Company.

DISCLOSURE OF INTERESTS *(CONTINUED)*

(b) Interests of substantial shareholders in the Company *(Continued)*

Save as disclosed above, as at 30 June 2006, no other person (other than the directors and chief executive of the Company, whose interests are set out in the section "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures" above) have registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporation that was required to be kept under Section 336 of the SFO.

SHARE OPTION SCHEMES

As at 30 June 2006, the Company did not have any share option scheme in place.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2006.

BOARD PRACTICES AND PROCEDURES

The Company has complied with the board practices and procedures as set out in rules 5.34 of the GEM Listing Rules during the six months ended 30 June 2006.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the six months ended 30 June 2006, the Company had adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings. The Company also had made specific enquiry of all directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by directors.

AUDIT COMMITTEE

The audit committee has three members comprising three independent non-executive directors, Mr. Chang Sze-Ming, Sydney, Mr. Ho Tse-Wah, Dean and Mr. Wong Kin Chia with Mr. Ho Tse-Wah serving as the chairman of the committee. The audit committee has reviewed the Group's interim report for the period ended 30 June 2006.

By order of the Board of directors
A-S China Plumbing Products Limited
Richard M. Ward
Chairman

As at the date of this report, the Board comprises the following directors:

Mr. Richard M. Ward *(Executive Director)*
Ms. Cindy Yang *(Executive Director)*
Mr. Ye Zhi Mao, Jason *(Executive Director)*
Mr. Wu Wei Lin, Patrick Wu *(Executive Director)*
Mr. Peter James O'Donnell *(Non-executive Director)*
Mr. Chang Sze-Wah, Sydney *(Independent Non-executive Director)*
Mr. Ho Tse-Wah, Dean *(Independent Non-executive Director)*
Mr. Wong Kin Chi *(Independent Non-executive Director)*

Hong Kong, 9 August 2006